



General Assembly

January Session, 2017

Raised Bill No. 7206

LCO No. 4684



Referred to Committee on EDUCATION

Introduced by:
(ED)

AN ACT CONCERNING CHARTER MANAGEMENT ORGANIZATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2017*) (a) Each charter management
2 organization shall post on any Internet web site that the charter
3 management organization operates (1) the schedule, location, agenda
4 and minutes of each meeting of the governing authority of such
5 charter management organization, including any meeting of any
6 subcommittees of the governing authority, (2) the operating budget of
7 the charter management organization, (3) the sources of revenue for
8 such charter management organization, including, but not limited to,
9 (A) the names and affiliations of all persons who make donations to
10 the charter management organization and the amounts of such
11 donations, (B) the amounts of funds spent on marketing and
12 advertising any state or local charter school under the control of such
13 charter management organization and the amounts of such
14 expenditures, and (C) the amounts of funds derived from any
15 financing, tax credits or other means used for the operation of school
16 buildings and facilities in the state, and (4) any information relating to

17 any contracts between such charter management organization and any
18 other entity for the provision of educational, financial or other services
19 to a state or local charter school under the control of such charter
20 management organization, including the posting of the full contract
21 and any addendums to any such contract not later than ten business
22 days after any such contract is executed.

23 (b) A charter management organization shall not select, employ,
24 retain or otherwise compensate any attorney, law firm, accountant or
25 audit firm that provides legal, accounting or other financial services to
26 a state or local charter school under the control of such charter
27 management organization.

28 (c) A charter management organization shall not use any state or
29 local funding for purposes of (1) advertising or marketing a state or
30 local charter school under the control of such charter management
31 organization, or (2) influencing any legislative or political action. A
32 charter management organization shall include a disclaimer on all
33 advertising and marketing materials produced by such charter
34 management organization that provides information about the source
35 of funds used to produce such materials.

36 Sec. 2. Section 10-66tt of the general statutes is repealed and the
37 following is substituted in lieu thereof (*Effective July 1, 2017*):

38 (a) The governing council of a state or local charter school may only
39 enter into a contract for whole school management services with a
40 charter management organization. Each such contract entered into or
41 amended on or after July 1, 2017, shall enumerate and provide a
42 description of the services that the charter management organization is
43 to provide to such state or local charter school and include the costs
44 associated with such services.

45 (b) The governing council of a state or local charter school shall not
46 enter into any contract for whole school management services that is
47 contrary to state or federal law or regulations, which entails any

48 financial or other conflicts of interest, or which amends, alters or
49 modifies any provision of the charter. To the extent that there is a
50 conflict between the terms of the charter of the school and a contract
51 for whole school management services, the terms of the charter shall
52 govern.

53 (c) The governing council of a state or local charter school shall
54 submit any contract for whole school management services between
55 such governing council and charter management organization to the
56 State Board of Education for approval. The state board, in determining
57 whether to approve such contract, shall (1) review such contract, (2)
58 solicit and review comments on such contract from the local or
59 regional board of education of the town in which the charter school is
60 located or in which the proposed charter school is to be located, and (3)
61 vote on such contract not later than sixty days after the date of receipt
62 of such contract. The state board may approve such contract by a
63 majority vote of the members of the state board present and voting at a
64 regular or special meeting of the state board called for such purpose.
65 Any contract for whole school management services between the
66 governing council of a state or local charter school and a charter
67 management organization shall not take effect unless such contract has
68 been approved by the State Board of Education.

69 (d) The governing council of a state or local charter school shall not
70 enter into any contract for whole school management services that
71 would have the effect of reducing the governing council's
72 responsibility for the operation of the charter school, or which would
73 hinder the governing council in exercising effective supervision of the
74 charter school.

75 (e) Any governing council of a state or local charter school that
76 enters into a contract for whole school management services shall
77 directly select, retain and compensate the attorney, law firm,
78 accountant or audit firm representing the governing council.

79 (f) A contract for whole school management services shall include,
80 but need not be limited to: (1) The roles and responsibilities of the
81 governing council of the charter school and the charter management
82 organization, including all services to be provided under the contract
83 [] and the costs associated with such services, (2) the performance
84 measures, mechanisms and consequences by which the governing
85 council will hold the charter management organization accountable for
86 performance, (3) the compensation to be paid to the charter
87 management organization, including all fees, bonuses and what such
88 compensation includes or requires, (4) financial reporting
89 requirements and provisions for the governing council's financial
90 oversight, (5) a choice of law provision that states that Connecticut
91 state law shall be the controlling law for the contract, (6) a statement
92 that the governing council of the charter school and the charter
93 management organization shall ensure compliance with the provisions
94 of section 10-66uu, as amended by this act, [and] (7) evidence that all
95 employees and members of the governing authority of the charter
96 management organization have submitted to a criminal history records
97 check, conducted in accordance with section 29-17a, and the results of
98 such criminal history records checks, (8) evidence that the charter
99 management organization has adopted antinepotism and conflict of
100 interest policies that are consistent with state law and best practices in
101 nonprofit corporate governance, and that the charter management
102 organization is in compliance with such policies, and (9) any [such]
103 other information required by the Commissioner of Education to
104 ensure compliance with the provisions of this chapter.

105 Sec. 3. Section 10-66uu of the general statutes is repealed and the
106 following is substituted in lieu thereof (*Effective July 1, 2017*):

107 [Each contract for whole school management services between the
108 governing council of a state or local charter school and a charter
109 management organization shall (1) provide that such governing
110 council is entitled to receive a copy of all] All records and files related
111 to the administration of [the] a charter school, including the

112 compensation paid to the charter management organization and any
113 expenditures of such compensation by the charter management
114 organization [, and (2) indicate that such records and files are] shall be
115 subject to the Freedom of Information Act and may be disclosed by
116 [such governing council] the charter management organization
117 pursuant to the Freedom of Information Act, as defined in section 1-
118 200, except that [such governing council] the charter management
119 organization may redact such records and files to remove personally
120 identifiable information of a contributor of a bona fide and lawful
121 contribution, pursuant to a written request from such contributor. No
122 request to inspect or copy such records or files shall be valid unless the
123 request is made to [such governing council] the charter management
124 organization in accordance with the Freedom of Information Act. Any
125 complaint by a person who is denied the right to inspect or copy such
126 records or files shall be brought to the Freedom of Information
127 Commission in accordance with the provisions of sections 1-205 and 1-
128 206.

129 Sec. 4. Section 10-66mm of the general statutes is repealed and the
130 following is substituted in lieu thereof (*Effective July 1, 2017*):

131 On or before July 1, 2011, the State Board of Education shall adopt
132 regulations, in accordance with the provisions of chapter 54, to (1)
133 prohibit a charter school and any affiliated charter management
134 organization operating such charter school from sharing board
135 members with other charter schools and such charter management
136 organizations; (2) require the disclosure of sharing management
137 personnel; (3) prohibit unsecured, noninterest bearing transfers of state
138 and federal funds between charter schools and from charter schools to
139 charter management organizations; (4) define allowable direct or
140 indirect costs and the methodology to be used by charter management
141 organizations to calculate per pupil service fees; and (5) permit charter
142 management organizations to collect private donations for purposes of
143 distributing to charter schools, provided the charter management
144 organization posts the names and affiliations of all persons who make

145 donations to the charter management organization and the amounts of
146 such donations on its Internet web site in accordance with the
147 provisions of section 1 of this act.

148 Sec. 5. Subsection (a) of section 4-61dd of the general statutes is
149 repealed and the following is substituted in lieu thereof (*Effective July*
150 *1, 2017*):

151 (a) Any person having knowledge of any matter involving
152 corruption, unethical practices, violation of state laws or regulations,
153 mismanagement, gross waste of funds, abuse of authority or danger to
154 the public safety occurring in any state department or agency, [or] any
155 quasi-public agency, as defined in section 1-120, or any charter
156 management organization or charter school, or any person having
157 knowledge of any matter involving corruption, violation of state or
158 federal laws or regulations, gross waste of funds, abuse of authority or
159 danger to the public safety occurring in any large state contract or any
160 charter management organization or charter school, may transmit all
161 facts and information in such person's possession concerning such
162 matter to the Auditors of Public Accounts. The Auditors of Public
163 Accounts shall review such matter and report their findings and any
164 recommendations to the Attorney General. Upon receiving such a
165 report, the Attorney General shall make such investigation as the
166 Attorney General deems proper regarding such report and any other
167 information that may be reasonably derived from such report. Prior to
168 conducting an investigation of any information that may be reasonably
169 derived from such report, the Attorney General shall consult with the
170 Auditors of Public Accounts concerning the relationship of such
171 additional information to the report that has been issued pursuant to
172 this subsection. Any such subsequent investigation deemed
173 appropriate by the Attorney General shall only be conducted with the
174 concurrence and assistance of the Auditors of Public Accounts. At the
175 request of the Attorney General or on their own initiative, the auditors
176 shall assist in the investigation.

177 Sec. 6. Subsections (e) to (k), inclusive, of section 4-61dd of the
178 general statutes are repealed and the following is substituted in lieu
179 thereof (*Effective July 1, 2017*):

180 (e) (1) No state officer or employee, as defined in section 4-141, no
181 quasi-public agency officer or employee, no officer or employee of a
182 large state contractor, [and] no appointing authority and no officer or
183 employee of a charter management organization or charter school shall
184 take or threaten to take any personnel action against any state or quasi-
185 public agency employee, [or] any employee of a large state contractor
186 or employee of a charter management organization or charter school in
187 retaliation for (A) such employee's or contractor's disclosure of
188 information to (i) an employee of the Auditors of Public Accounts or
189 the Attorney General under the provisions of subsection (a) of this
190 section; (ii) an employee of the state agency or quasi-public agency
191 where such state officer or employee is employed; (iii) an employee of
192 a state agency pursuant to a mandated reporter statute or pursuant to
193 subsection (b) of section 17a-28; [or] (iv) in the case of a large state
194 contractor, an employee of the contracting state agency concerning
195 information involving the large state contract; or (v) in the case of a
196 charter management organization or charter school, an employee of
197 the charter management organization or charter school or a state
198 agency concerning information involving the charter management
199 organization or charter school; or (B) such employee's testimony or
200 assistance in any proceeding under this section.

201 (2) (A) Not later than ninety days after learning of the specific
202 incident giving rise to a claim that a personnel action has been
203 threatened or has occurred in violation of subdivision (1) of this
204 subsection, a state or quasi-public agency employee, an employee of a
205 large state contractor, an employee of a charter management
206 organization or charter school or the employee's attorney may file a
207 complaint against the state agency, quasi-public agency, large state
208 contractor, [or] appointing authority or charter management
209 organization or charter school concerning such personnel action with

210 the Chief Human Rights Referee designated under section 46a-57. Such
211 complaint may be amended if an additional incident giving rise to a
212 claim under this subdivision occurs subsequent to the filing of the
213 original complaint. The Chief Human Rights Referee shall assign the
214 complaint to a human rights referee appointed under section 46a-57,
215 who shall conduct a hearing and issue a decision concerning whether
216 the officer or employee taking or threatening to take the personnel
217 action violated any provision of this section. The human rights referee
218 may order a state agency or quasi-public agency to produce (i) an
219 employee of such agency or quasi-public agency to testify as a witness
220 in any proceeding under this subdivision, or (ii) books, papers or other
221 documents relevant to the complaint, without issuing a subpoena. If
222 such agency or quasi-public agency fails to produce such witness,
223 books, papers or documents, not later than thirty days after such order,
224 the human rights referee may consider such failure as supporting
225 evidence for the complainant. If, after the hearing, the human rights
226 referee finds a violation, the referee may award the aggrieved
227 employee reinstatement to the employee's former position, back pay
228 and reestablishment of any employee benefits for which the employee
229 would otherwise have been eligible if such violation had not occurred,
230 reasonable attorneys' fees, and any other damages. For the purposes of
231 this subsection, such human rights referee shall act as an independent
232 hearing officer. The decision of a human rights referee under this
233 subsection may be appealed by any person who was a party at such
234 hearing, in accordance with the provisions of section 4-183.

235 (B) The Chief Human Rights Referee shall adopt regulations, in
236 accordance with the provisions of chapter 54, establishing the
237 procedure for filing complaints and noticing and conducting hearings
238 under subparagraph (A) of this subdivision.

239 (3) As an alternative to the provisions of subdivision (2) of this
240 subsection: (A) A state or quasi-public agency employee who alleges
241 that a personnel action has been threatened or taken may file an appeal
242 not later than ninety days after learning of the specific incident giving

243 rise to such claim with the Employees' Review Board under section 5-
244 202, or, in the case of a state or quasi-public agency employee covered
245 by a collective bargaining contract, in accordance with the procedure
246 provided by such contract; or (B) an employee of a large state
247 contractor or an employee of a charter management organization or
248 charter school alleging that such action has been threatened or taken
249 may, after exhausting all available administrative remedies, bring a
250 civil action in accordance with the provisions of subsection (c) of
251 section 31-51m.

252 (4) In any proceeding under subdivision (2) or (3) of this subsection
253 concerning a personnel action taken or threatened against any state or
254 quasi-public agency employee, [or] any employee of a large state
255 contractor or any employee of a charter management organization or
256 charter school, which personnel action occurs not later than two years
257 after the employee first transmits facts and information concerning a
258 matter under subsection (a) of this section or discloses information
259 under subdivision (1) of this subsection to the Auditors of Public
260 Accounts, the Attorney General or an employee of a state agency or
261 quasi-public agency, as applicable, there shall be a rebuttable
262 presumption that the personnel action is in retaliation for the action
263 taken by the employee under subsection (a) of this section or
264 subdivision (1) of this subsection.

265 (5) If a state officer or employee, as defined in section 4-141, a quasi-
266 public agency officer or employee, an officer or employee of a large
267 state contractor, [or] an appointing authority or an officer or employee
268 of a charter management organization or charter school takes or
269 threatens to take any action to impede, fail to renew or cancel a
270 contract between (A) a state agency and a large state contractor, [or
271 between] (B) a large state contractor and its subcontractor, (C) a state
272 agency and a charter management organization or charter school, or
273 (D) a charter management organization and a charter school, in
274 retaliation for the disclosure of information pursuant to subsection (a)
275 of this section or subdivision (1) of this subsection to any agency listed

276 in subdivision (1) of this subsection, such affected agency, contractor,
277 [or] subcontractor, charter management organization or charter school
278 may, not later than ninety days after learning of such action, threat or
279 failure to renew, bring a civil action in the superior court for the
280 judicial district of Hartford to recover damages, attorney's fees and
281 costs.

282 (f) Any employee of a state or quasi-public agency, [or] large state
283 contractor, charter management organization or charter school, who is
284 found by the Auditors of Public Accounts, the Attorney General, a
285 human rights referee or the Employees' Review Board to have
286 knowingly and maliciously made false charges under subsection (a) of
287 this section, shall be subject to disciplinary action by such employee's
288 appointing authority or employer up to and including dismissal. In the
289 case of a state or quasi-public agency employee, such action shall be
290 subject to appeal to the Employees' Review Board in accordance with
291 section 5-202, or in the case of state or quasi-public agency employees
292 included in collective bargaining contracts, the procedure provided by
293 such contracts.

294 (g) On or before September first, annually, the Auditors of Public
295 Accounts shall submit, in accordance with the provisions of section 11-
296 4a, to the clerk of each house of the General Assembly a report
297 indicating the number of matters for which facts and information were
298 transmitted to the auditors pursuant to this section during the
299 preceding state fiscal year and the disposition of each such matter.

300 (h) Each contract between a state or quasi-public agency and a large
301 state contractor, charter management organization or charter school
302 shall provide that, if an officer, employee or appointing authority of a
303 large state contractor, charter management organization or charter
304 school takes or threatens to take any personnel action against any
305 employee of the contractor, charter management organization or
306 charter school in retaliation for such employee's disclosure of
307 information to any employee of the contracting state or quasi-public

308 agency or the Auditors of Public Accounts or the Attorney General
309 under the provisions of subsection (a) or subdivision (1) of subsection
310 (e) of this section, the contractor, charter management organization or
311 charter school shall be liable for a civil penalty of not more than five
312 thousand dollars for each offense, up to a maximum of twenty per cent
313 of the value of the contract. Each violation shall be a separate and
314 distinct offense and in the case of a continuing violation each calendar
315 day's continuance of the violation shall be deemed to be a separate and
316 distinct offense. The executive head of the state or quasi-public agency
317 may request the Attorney General to bring a civil action in the superior
318 court for the judicial district of Hartford to seek imposition and
319 recovery of such civil penalty.

320 (i) Each state agency or quasi-public agency shall post a notice of the
321 provisions of this section relating to state employees and quasi-public
322 agency employees in a conspicuous place that is readily available for
323 viewing by employees of such agency or quasi-public agency. Each
324 large state contractor, charter management organization or charter
325 school shall post a notice of the provisions of this section relating to
326 large state contractors, charter management organizations or charter
327 schools in a conspicuous place which is readily available for viewing
328 by the employees of the contractor, charter management organization
329 or charter school.

330 (j) No person who, in good faith, discloses information in
331 accordance with the provisions of this section shall be liable for any
332 civil damages resulting from such good faith disclosure.

333 (k) As used in this section:

334 (1) "Large state contract" means a contract between an entity and a
335 state or quasi-public agency, having a value of five million dollars or
336 more; [and]

337 (2) "Large state contractor" means an entity that has entered into a
338 large state contract with a state or quasi-public agency; [.]

339 (3) "Charter management organization" has the same meaning as
340 provided in section 10-66aa, as amended by this act; and

341 (4) "Charter school" has the same meaning as provided in section 10-
342 66aa, as amended by this act.

343 Sec. 7. Section 10-66aa of the general statutes is repealed and the
344 following is substituted in lieu thereof (*Effective July 1, 2017*):

345 As used in this section, [and] sections 10-66bb to 10-66uu, inclusive,
346 as amended by this act, and section 1 of this act:

347 (1) "Charter school" means a public, nonsectarian school which is
348 (A) established under a charter granted pursuant to section 10-66bb,
349 (B) organized as a nonprofit entity under state law, (C) a public agency
350 for the purposes of the Freedom of Information Act, as defined in
351 section 1-200, and (D) operated independently of any local or regional
352 board of education in accordance with the terms of its charter and the
353 provisions of this section and sections 10-66bb to 10-66uu, inclusive, as
354 amended by this act, provided no member or employee of a governing
355 council of a charter school shall have a personal or financial interest in
356 the assets, real or personal, of the school;

357 (2) "Local charter school" means a public school or part of a public
358 school that is converted into a charter school and is approved by the
359 local or regional board of education of the school district in which it is
360 located and by the State Board of Education pursuant to subsection (e)
361 of section 10-66bb;

362 (3) "State charter school" means a new public school approved by
363 the State Board of Education pursuant to subsection (f) of section 10-
364 66bb;

365 (4) "Charter management organization" means any not-for-profit
366 organization that (A) is exempt from taxation under Section 501(c)(3)
367 of the Internal Revenue Code of 1986, or any subsequent

368 corresponding internal revenue code of the United States, as amended
369 from time to time, and (B) contracts with a charter school for
370 educational design, implementation or whole school management
371 services;

372 (5) "Whole school management services" means the financial,
373 business, operational and administrative functions for a school; and

374 (6) "Charter" means a charter for a local or state charter school
375 granted by the State Board of Education on or before June 30, 2015, and
376 with respect to a charter granted or renewed on or after July 1, 2015, a
377 contract between the governing council of a charter school and the
378 State Board of Education that sets forth the roles, powers,
379 responsibilities and performance expectations of each party to the
380 contract.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	New section
Sec. 2	<i>July 1, 2017</i>	10-66tt
Sec. 3	<i>July 1, 2017</i>	10-66uu
Sec. 4	<i>July 1, 2017</i>	10-66mm
Sec. 5	<i>July 1, 2017</i>	4-61dd(a)
Sec. 6	<i>July 1, 2017</i>	4-61dd(e) to (k)
Sec. 7	<i>July 1, 2017</i>	10-66aa

Statement of Purpose:

To increase transparency in the operations of charter management organizations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]